Energy Situation Analysis Report

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Latest Oil Market Developments
The West Texas Intermediate (WTI) crude oil near-month futures price on the New York Mercantile Exchange (NYMEX) fell 51 cents per barrel on Monday, March 10, to settle at $37.27 per barrel. Oil prices have continued to slide today, as a vote in the U.N. Security Council on a resolution on the use of force in Iraq with a March 17 ultimatum appears to have been delayed and Saudi Arabia has given clear indication that it will attempt to make up for lost supply resulting from possible military action in Iraq. Also, predicted warmer weather lowered heating oil futures today, putting downward pressure on crude oil. The NYMEX near-month WTI price settled at $36.72 per barrel, down 55 cents per barrel. more...

Latest U.S. Weekly EIA Petroleum Information
The average world crude oil price on March 7, 2003 was $31.71 per barrel, $0.10 less than last week but $10.25 more than last year. The U.S. average retail price for regular gasoline rose last week for the twelfth time in thirteen weeks, increasing by 2.6 cents per gallon as of March 10 to reach 171.2 cents per gallon, which is 48.9 cents per gallon higher than a year ago. This price is only 0.1 cent lower per gallon than the highest price in nominal dollars since EIA began recording this data in August 1990.
more...

World Oil Market Highlights
As of March 6, 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 1.5 and 2.0 million barrels per day of excess oil production capacity that could be brought online. Around half to two-thirds of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in other Persian Gulf countries. more...

Latest U.S. Weekly Natural Gas Information
Natural gas spot prices have fallen significantly since last Wednesday (March 5), with declines in each of the three trading days since that date at nearly all market locations. A late-week warming trend in the Midwest, which spread to the Northeast over the weekend, coupled with the usual slackening of demand over the weekend, contributed to downward pressure on prices. At the Henry Hub, the spot price fell 63 cents in yesterday's trading to $6.79 per MMBtu, resulting in a cumulative price decrease since last Wednesday of $1.02. more...

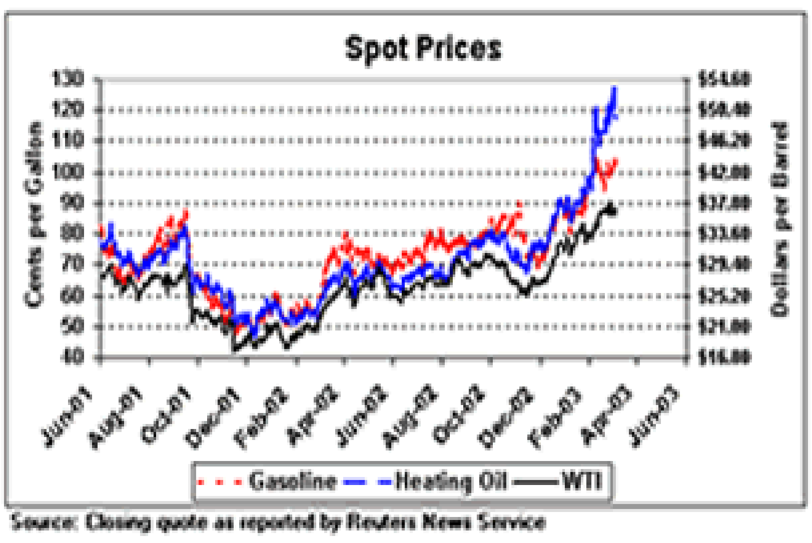
Latest U.S. Coal Information
Over-the-counter (OTC) coal prices were mostly unchanged last week. The $3.00 per short ton gains achieved 2 weeks ago in OTC prices for Central Appalachian coal held steady last week. Spot coal prices for the Central Appalachia/Big Sandy-Kanawha 12,500-Btu product tracked by EIA again traded at $34.25 per short ton in the week ended February 28. The stall in the price rise coincides with a reversal on February 26 of last week's sharp increase in natural gas prices, on news of a possible warming in temperatures across the Midwest and Northeast. more...

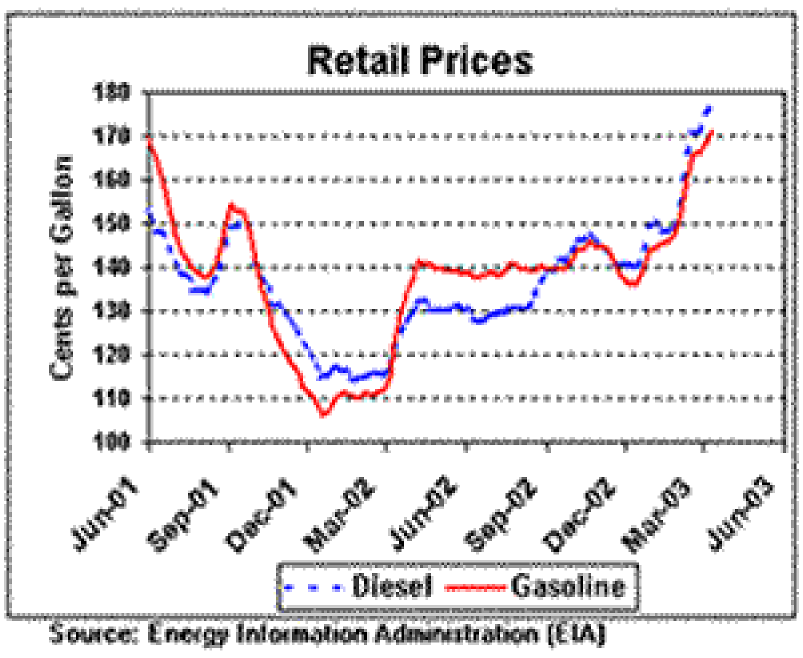
Latest U.S. Electricity Information
In the Western United States, spot electricity prices declined for the last four trading days as natural gas prices fell and warmer weather reduced heating demand. At Mid-Columbia, a benchmark for the Northwest, prices dropped to a seven-day low of $59.69 per megawatthour on March 10 from a seven-day high of $77.29 on March 4. In the Midwest, prices increased significantly on March 7 as the colder weather put upward pressure on heating demand, but declined on March 10 as warmer temperatures reduced heating demand. In the Northeast, prices increased on March 6 and 7, but fell on March 10 with the exception of the Mid-Atlantic States. At PJM West, prices continued their upward progression for the last three trading days as the cold weather kept customer demand high. On March 10, electricity prices reached a seven-day high of $111.07 per megawatthour from $79.25 on March 5. Over the past seven days, average prices at all trading centers ranged between $78.87 and $88.93 per megawatthour with an overall weekly average of $83.35 per megawatthour.
more...

Energy Prices*

Petroleum Futures (near month)	3/10/03	3/7/03	Change
WTI ($/Bbl)	37.27	37.78	-0.51
Gasoline (c/gallon)	112.82	115.67	-2.85
Heating Oil (c/gallon)	108.57	110.85	-2.28
Natural Gas ($/MMBtu)			
Henry Hub	6.79	7.42	-0.63
California	6.97	6.99	-0.02
New York City	9.42	10.11	-0.69
Electricity ($/Megawatthour)			
COB	61.50	70.00	-8.50
PJM West	111.07	105.20	+5.87
NEPOOL	109.50	120.00	-10.50
Average	78.87	85.59	-6.72

*Definitions





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Latest Oil Market Developments

(updated March 11, 2003)

The West Texas Intermediate (WTI) crude oil near-month futures price on the New York Mercantile Exchange (NYMEX) fell 51 cents per barrel on Monday, March 10, to settle at $37.27 per barrel. Oil prices continued to slide today, as a vote in the U.N. Security Council on a resolution on the use of force in Iraq with a March 17 ultimatum appears to have been delayed and Saudi Arabia has given clear indication that it will attempt to make up for lost supply resulting from possible military action in Iraq. Also, predicted warmer weather lowered heating oil futures today, putting downward pressure on crude oil. The NYMEX near-month WTI price settled at $36.72 per barrel, down 55 cents per barrel. OPEC, meeting in Vienna today, has decided not to change its members' crude oil production quotas (24.5 million barrels per day) nor to put forth an explicit contingency plan in the event of hostilities in Iraq, as some members saw this as supporting any possible war. However, Saudi Oil Minister Ali al-Naimi stated in Vienna today that "There will be no shortage of oil. The test is, when the need is there, whether we will use the capacity or not and I can assure you we will." Legal Iraqi exports would halt during any hostilities, as the U.N. Oil-for-Food program monitors would be withdrawn in the event of an imminent attack and Iraq is not permitted to export outside of the program, according to U.N. statements yesterday. Iraqi Oil Undersecretary Hussein Suleiman Al-Hadithi said yesterday though, that Iraq had taken steps to guarantee oil production in case of war, stating, "If an aggression takes place against us, we have plans to continue production." As much as 700,000 barrels per day of northern Kuwaiti oil production may also be temporarily halted if hostilities were to commence (see below).

Mediation efforts continue in an effort to resolve the strike in Venezuela, now in its fourth month, without much apparent progress. Government and opposition sources continue to cite widely varying figures for the country's current oil production. The Venezuelan government has announced that force majeure on crude oil and some petroleum product exports was lifted as of March 6. The Venezuelan government has declared that production is at 2.65 million barrels per day and will reach its OPEC output target of 2.819 million barrels per day by the end of the month. However, former PdVSA employees as well as OPEC sources put production at 1.5-1.9 million barrels per day. EIA estimates Venezuelan oil production at about 1.7 million barrels per day. Yesterday, Energy and Mines Minister Rafael Ramirez said, "We expect to within 10 days have all of our capacity for the export of gasoline and products ready." According to Minister Ramirez, all Venezuelan refineries, except Amuay-Cardon, are back to normal. More than one-third of PdVSA's employees have been terminated since the beginning of the strike, and President Hugo Chavez has said that they will not be rehired.

Oil prices have been pushed sharply higher in recent months (up over 50% since mid-November) by generally falling commercial crude oil stocks in the United States , a colder-than-normal winter in the U.S. Northeast, and continued fears that a war with Iraq could adversely affect Middle Eastern oil supplies. Oil markets fear that if a war with Iraq were to occur while Venezuelan oil exports remain far below normal levels, this could strain the world's existing spare oil output capacity (estimated at 1.5-2.0 million barrels per day) to its limit. Nearly all of this "excess capacity" is located in OPEC member countries, particularly Saudi Arabia (0.8-1.3 million barrels per day) the UAE (350,000 barrels per day), and Qatar (110,000 barrels per day), all of which are located in the Persian Gulf region.

Other issues related to **world oil markets** include:

- On Monday, U.S. Secretary of Energy Spencer Abraham stated that the U.S. Strategic Petroleum Reserve (SPR) will be used in the event of a supply shortage, not simply because of high prices. Secretary Abraham stated "There is no price trigger because we don't believe the SPR should be used to manipulate price. We believe it should be used to avert severe supply disruptions." Today, Secretary Abraham is meeting with several OPEC oil ministers in Vienna.
- Britain and the U.S. delayed a U.N. Security Council vote on a proposed resolution that they and Spain put forward on Friday authorizing use of force in Iraq, following opposition from permanent Security Council members France and Russia (permanent members have veto power). Yesterday, French President Jacques Chirac said in an interview "My position is that whatever the circumstances, France will vote no [on a resolution authorizing force]." The White House said today that it expects a vote will be later this week.
- Saudi Arabia was reported by *Dow Jones* as currently producing around 9.2 million barrels per day. EIA assumes Saudi oil production capacity of 10.0-10.5 million barrels per day. Overall, *Dow Jones* estimates that the OPEC-10 (excluding Iraq) produced 24.7 million barrels per day of crude in February 2003, up 1.5 million barrels per day from 23.2 million barrels per day in January.
- Yesterday, Iraqi Oil Undersecretary Hussein Suleiman Al-Hadithi denied that Iraq has planted explosives at the Kirkuk oilfields in northern Iraq to prevent them from being taken over in the event of a U.S. invasion of the country, as numerous press sources have intimated. He stated, "Iraq is keen to defend its oil wealth and it is illogical that we burn our oil wealth with our own hands."
- On March 3, Kuwait announced that it would shut in its northern oilfields in the event of a war in Iraq in an effort to safeguard the fields' employees and facilities. Shutting in northern and western Kuwaiti fields could cause an oil supply disruption of between 400,000 and 700,000 barrels per day, depending on which fields are shut in exactly. Already, Kuwait is reported to have shut in 100,000 barrels per day of production from two northern oil fields (Ratqa and Abdali). However, official Kuwaiti sources have told *Dow Jones* that the northern Al-Rawdhatain oil field has 100,000 barrels per day of spare capacity now that repairs have been completed and that the southwestern Burghan field has about 100,000 barrels per day of spare capacity. However, given expected shut-ins of other fields, there is no net total spare capacity in EIA's estimate.
- As of March 11, 2003, the U.S. Strategic Petroleum Reserve (SPR) contained 599.3 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

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Latest U.S. Weekly EIA Petroleum Information

(last complete update: March 6, 2003)

Petroleum Inventories
U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 1.7 million barrels, but are 53.0 million barrels below the level last year at this time. Crude oil inventories in PADD II (Midwest) increased slightly, but they still remain near the lowest seen since EIA began collecting regional data. Distillate fuel inventories fell by 2.6 million barrels, with most of the decline in low-sulfur distillate fuel (diesel fuel). Comparing the latest weekly data to monthly data for previous years, total distillate fuel inventories at the end of February are at the lowest level for this time of year since 1963. Motor gasoline inventories fell by 2.0 million barrels last week and remain below the low end of the normal range. Total commercial petroleum inventories are 122.1 million barrels less than last year at this time.

After falling to the lowest level since EIA has kept PADD-specific inventory levels (dating back to August 1989) during the week ending February 21, crude oil inventories in PADD II (Midwest) increased slightly last week. However, they still remain at very low levels. This is important because PADD II includes Cushing, Oklahoma, where physical barrels are traded for West Texas Intermediate (WTI) crude oil, the U.S. benchmark crude oil. If inventories get particularly tight at Cushing then upward pressure on prompt WTI prices could develop, which may lead to higher prompt prices for other crude oils in the United States and elsewhere in the Americas.

U.S. inventories of propane fell a relatively modest 2.0 million barrels last week, ending the week of February 28, 2003 at an estimated 21.0 million barrels. Following a period of sharp declines since the first wave of Arctic temperatures swept the nation, U.S. inventories last week posted the smallest weekly decline since the week ending January 3, 2003. Regional declines were also relatively modest last week with less than a 0.2 million-barrel drop in the East Coast, while during the same period, Midwest and Gulf Coast regions reported respective declines of 1.1 million barrels and 0.6 million barrels. But with several weeks of winter remaining, and with U.S. inventories less than 3 million barrels above the Lower Operational Inventory (LOI), the nation’s propane inventory situation remains somewhat precarious, and any more bouts of extended severe cold weather could potentially cause regional supply disruptions or spot shortages.

Petroleum Imports
U.S. crude oil imports (including imports going into the Strategic Petroleum Reserve) averaged 8.7 million barrels per day last week, an increase of nearly 400,000 barrels per day from the previous week. Crude oil imports have averaged over 8.2 million barrels per day over the last four weeks, but this is still 400,000 barrels per day less than averaged during the same four-week period last year. Although the origins of weekly crude oil imports are very preliminary and thus not published, imports from Venezuela last week increased significantly and appear to be much closer to pre-strike levels. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged 700,000 barrels per day last week, while distillate fuel imports averaged 600,000 barrels per day.

Monthly data on the origins of U.S. crude oil imports in December 2002 has been released and it shows that three countries each exported more than 1.4 million barrels per day of crude oil to the United States (see table below). The top sources of U.S. crude oil imports in December 2002 were Saudi Arabia (1.815 million barrels per day), Mexico (1.734 million barrels per day), and Canada (1.490 million barrels per day). This is the largest monthly amount of crude oil imported from Saudi Arabia since August 2001. Rounding out the top ten sources, in order, were Venezuela (0.652 million barrels per day), Nigeria (0.625 million barrels per day), United Kingdom (0.376 million barrels per day), Iraq (0.366 million barrels per day), Angola (0.312 million barrels per day), Colombia (0.248 million barrels per day), and Kuwait (0.190 million barrels per day). Imports from Venezuela were slightly more than half of what was averaged during the first 11 months of the year, as Venezuelan exports were severely curtailed for much of December following the general strike in that country. Total crude oil imports averaged 8.619 million barrels per day in December, a decline of more than 900,000 barrels per day from November, representing the lowest level since February 2001. The top three origins accounted for 58 percent of these U.S. crude oil imports in December, while the top ten sources accounted for nearly 91 percent of all U.S. crude oil imports.

Refinery Inputs and Production
U.S. crude oil refinery inputs dropped to 14.2 million barrels per day during the week ending February 28, a decline of nearly 300,000 barrels per day from the previous week. Some of the decrease in crude oil refinery inputs last week resulted in falls in distillate fuel and jet fuel refinery output, but motor gasoline refinery production actually increased slightly.

Petroleum Demand
Total product supplied over the last four-week period averaged 19.9 million barrels per day, or about 2.3% more than the same period last year. Over the last four weeks, motor gasoline demand is down 2.5%, but distillate fuel demand is up 18.0% compared to the same period last year. Kerosene-type jet fuel demand is 1.2 % more than last year over the latest four-week period.

Spot Prices (updated March 11)
The average world crude oil price on March 7, 2003 was $31.71 per barrel, $0.10 less than last week but $11.25 more than last year. The spot price for conventional gasoline in the New York Harbor was 107.80 cents per gallon, 6.60 cents above last week and 40.20 cents higher than a year ago. The spot price for No. 2 heating oil in the New York Harbor was 121.00 cents per gallon, 1.25 cents lower than last week but 59.15 cents more than last year.

U.S. Retail Gasoline Price Continues To Climb (updated March 11)
The U.S. average retail price for regular gasoline rose last week for the twelfth time in thirteen weeks, increasing by 2.6 cents per gallon as of March 10 to reach 171.2 cents per gallon, which is 48.9 cents per gallon higher than a year ago. This price is only 0.1 cent lower per gallon than the highest price in nominal dollars since EIA began recording this data in August 1990. While the outlook could go either way, strong gasoline demand ahead of the normal seasonal increase, extensive refinery maintenance, and still tight crude oil supply, may be pointing to added price pressure in the months ahead. Prices were up throughout the country, with the largest increase occurring in California, where prices rose 7.2 cents to end at 208.4 cents per gallon, the highest price ever in our survey, which for California goes back to May 2000. This is the second week in a row that California prices have been above $2 per gallon. Prices for all of the West Coast are on the brink of that $2 mark, hitting 199.3 cents per gallon on March 10, and prices in PADD 5 appear to be an important driver in the increase of national prices.

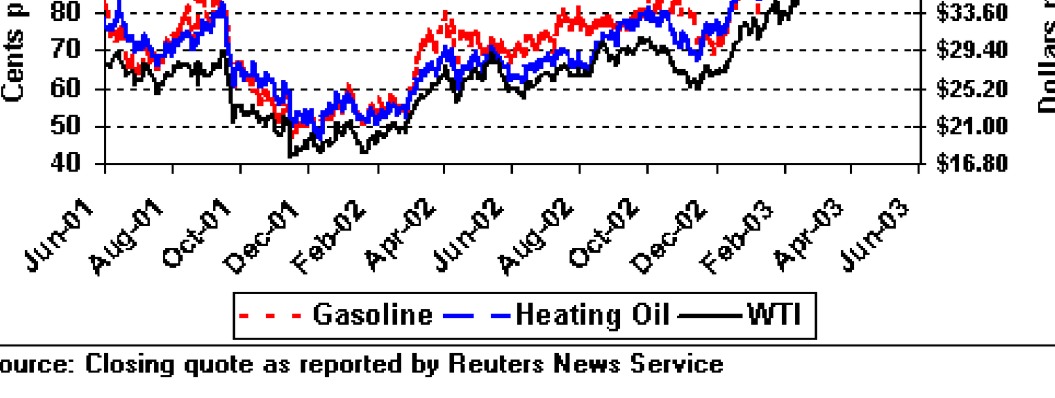
Retail diesel fuel prices increased for the eighth straight week, rising 1.8 cents per gallon to a national average of 177.1 cents per gallon as of March 10. This is the highest diesel price since EIA began recording this data in March 1994, and the fourth week in a row that diesel fuel has topped its previous record price. Retail diesel prices were up throughout most the country, with the largest price increase occurring on the West Coast, where prices rose 8.1 cents per gallon to end at 188.6 cents per gallon. Prices in New England rose again by 4.7 cents to reach 200.1 cents per gallon, the highest price in the nation. The Gulf Coast was the only region that saw a price decrease, with prices falling by 0.3 cent to end at 169.7 cents per gallon.

Residential Heating Fuel Prices Jump This Week
Residential heating oil prices increased 8.3 cents per gallon for the week ending March 3, 2003, averaging 183.5 cents per gallon, and are 67.4 cents per gallon higher than last year at this time. Meanwhile, wholesale heating oil prices increased 8.6 cents per gallon this past week, reaching 129.3 cents per gallon.

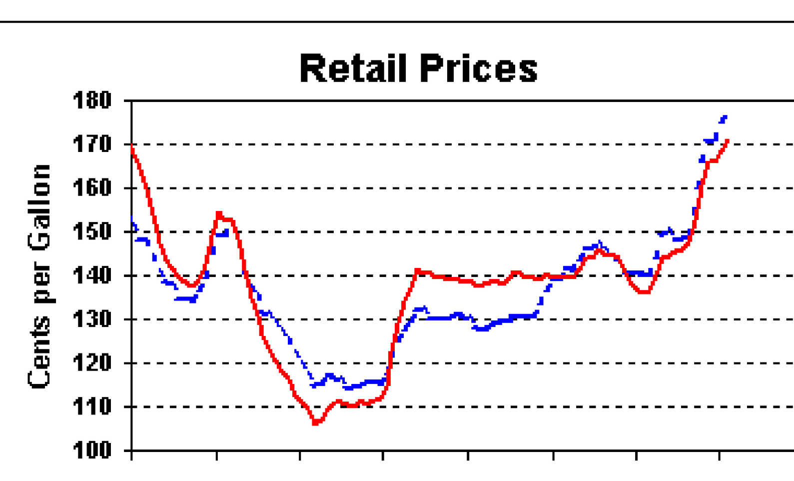
Residential propane prices increased 21.7 cents per gallon to reach 172.1 cents per gallon, the highest average residential propane price recorded on EIA’s price survey, which dates back to October 1990. Residential propane prices are 59.6 cents higher than one year ago. Wholesale propane prices increased 33.5 cents per gallon, from 81.3 cents per gallon to 114.8 cents per gallon.

U.S. Petroleum Prices

(updated March 6, 2003)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

Date	WTI Crude Oil Spot Cushing	WTI Crude Oil Futures	Gasoline Spot NYH	Gasoline Futures	Heating Oil Spot NYH	Heating Oil Futures	Kerojet Spot NYH	Propane Spot Mt. Belvieu	Propane Spot Conway	EIA Weekly Retail US Average Gasoline	EIA Weekly Retail US Average Diesel
	$/bbl	$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
1/21/2003	$34.62	$34.61	86.80	90.10	89.27	89.47	89.92	59.57	57.75		
1/22/2003	$34.32	$32.85	86.40	89.93	91.00	91.19	91.73	59.75	57.44		
1/23/2003	$33.90	$32.25	86.75	89.81	91.50	91.53	92.23	60.19	58.38		
1/24/2003	$34.98	$33.28	89.78	92.25	94.75	95.02	95.63	61.38	58.94		
1/27/2003	$32.43	$32.29	88.35	90.15	93.73	93.43	94.38	60.00	58.88	147.3	149.2
1/28/2003	$32.70	$32.67	90.95	92.72	93.00	93.04	93.60	68.25	61.25		
1/29/2003	$33.54	$33.63	95.59	97.13	96.73	97.13	96.75	77.00	64.69		
1/30/2003	$33.78	$33.85	97.05	98.69	98.08	98.05	98.48	71.38	64.88		
1/31/2003	$33.51	$33.51	95.60	97.56	95.83	95.88	96.33	72.38	65.57		
2/3/2003	$32.84	$32.76	94.69	95.68	94.85	91.81	96.55	65.38	65.25	152.7	154.2
2/4/2003	$33.61	$33.58	98.80	100.06	99.05	96.19	101.93	67.25	67.25		
2/5/2003	$33.91	$33.93	101.30	103.15	103.80	99.40	106.55	70.19	69.25		
2/6/2003	$34.36	$34.16	101.00	102.83	112.50	102.71	115.38	70.19	69.25		
2/7/2003	$35.05	$35.12	104.38	106.70	120.50	109.57	122.00	74.25	74.25		
2/10/2003	$34.46	$34.48	100.53	102.75	114.48	104.43	116.35	72.25	72.25	160.7	166.2
2/11/2003	$35.43	$35.44	103.50	105.59	112.71	105.76	115.08	69.25	68.25		
2/12/2003	$35.83	$35.77	100.85	103.36	108.58	103.05	108.51	64.50	64.50		
2/13/2003	$36.63	$36.36	100.48	103.14	110.28	105.28	110.53	62.75	61.88		
2/14/2003	$36.61	$36.80	98.48	102.23	112.70	106.07	113.70	64.69	62.75		
2/17/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	166.0	170.4
2/18/2003	$36.88	$36.96	96.78	99.45	113.24	106.54	114.54	64.69	62.75		
2/19/2003	$37.02	$37.16	97.00	100.22	116.73	109.93	117.93	67.13	64.13		
2/20/2003	$36.45	$36.79	94.08	96.58	112.40	105.87	115.90	68.75	68.00		
2/21/2003	$36.76	$35.58	98.75	101.28	117.00	110.85	120.50	72.00	69.25		
2/24/2003	$37.29	$36.48	102.93	104.75	120.73	114.67	123.60	81.00	73.25	165.8	170.9
2/25/2003	$36.06	$36.06	98.48	100.78	115.50	112.26	119.25	94.50	81.50		
2/26/2003	$37.96	$37.70	99.63	101.83	119.00	115.49	122.75	105.00	87.50		
2/27/2003	$36.83	$37.20	99.40	101.80	117.90	115.43	120.40	110.50	101.00		
2/28/2003	$36.76	$36.60	101.20	103.77	122.25	125.59	124.50	127.50	89.50		
3/3/2003	$36.10	$35.88	102.05	109.48	126.88	103.60	127.75	77.44	70.25	168.6	175.3
3/4/2003	$36.95	$36.89	103.61	111.22	118.35	104.86	121.35	75.75	66.75		
3/5/2003	$36.86	$36.69	102.10	110.09	117.13	104.39	112.26	72.25	62.38		
3/6/2003	$37.21	$37.00	103.03	110.60	114.03	105.56	114.03	70.50	61.75		
3/7/2003	$37.76	$37.78	107.80	115.67	121.00	110.85	119.63	70.44	63.00		
3/10/2003	$37.18	$37.27	106.20	112.82	120.75	108.57	117.88	68.00	60.50	171.2	177.1

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

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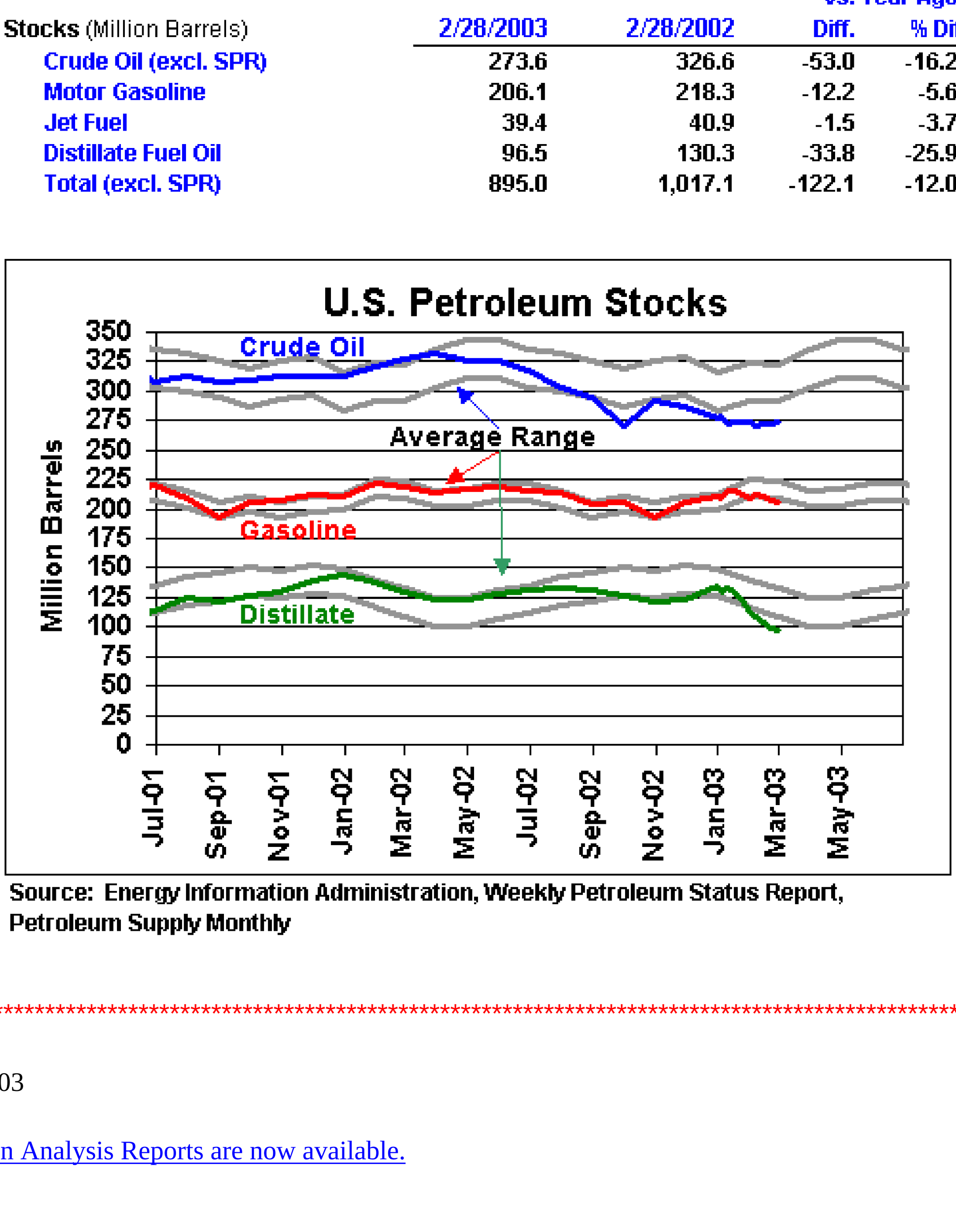
U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending 2/28/2003	Four Weeks Ending 2/28/2002	vs. Year Ago Diff.	vs. Year Ago % Diff.
Refinery Activity				
Crude Oil Input	14,230	14,281	-51	-0.4%
Operable Capacity	17	16,786	-16,769	-99.9%
Operable Capacity Utilization (%)	85.8%	86.4%	-0.6%	
Production				
Motor Gasoline	8,034	8,137	-103	-1.3%
Jet Fuel	1,433	1,452	-19	-1.3%
Distillate Fuel Oil	3,414	3,489	-75	-2.2%
Imports				
Crude Oil (incl. SPR)	8,214	8,642	-428	-5.0%
Motor Gasoline	726	744	-18	-2.4%
Jet Fuel	87	99	-12	-12.2%
Distillate Fuel Oil	525	233	292	125.1%
Total	10,742	10,772	-30	-0.3%
Exports				
Crude Oil	10	4	6	135.3%
Products	893	1,108	-215	-19.4%
Total	903	1,114	-211	-18.9%
Products Supplied				
Motor Gasoline	8,400	8,614	-214	-2.5%
Jet Fuel	1,549	1,531	18	1.2%
Distillate Fuel Oil	4,398	3,726	672	18.0%
Total	19,912	19,464	448	2.3%

Stocks (Million Barrels)	2/28/2003	2/28/2002	vs. Year Ago Diff.	vs. Year Ago % Diff.
Crude Oil (excl. SPR)	273.6	326.6	-53.0	-16.2%
Motor Gasoline	206.1	218.3	-12.2	-5.6%
Jet Fuel	39.4	40.9	-1.5	-3.7%
Distillate Fuel Oil	96.5	130.3	-33.8	-25.9%
Total (excl. SPR)	895.0	1,017.1	-122.1	-12.0%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly

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World Oil Market Highlights

(updated March 6, 2003)

As of early March 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 1.5 and 2 million barrels per day of excess oil production capacity that could be brought online. Between half and two-thirds of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in four Persian Gulf countries: UAE, Qatar, Kuwait, and Iran. The estimates included in the table below incorporate the 1.5 million-barrel-per-day increase to the OPEC-10 production ceiling announced on January 12, 2003, as well as recent unrest in Venezuela.

OPEC Crude Oil Production [1]
(Thousand barrels per day)

	January 2003 Production	February 2003 Production	March 2003 Production	2/01/03 Quota[2]	Production Capacity[3]	March Surplus Capacity[3]
Algeria	1,050	1,050	1,050	782	1,100	50
Indonesia	1,070	1,060	1,050	1,270	1,050	0
Iran	3,600	3,700	3,700	3,597	3,750	50
Kuwait[4]	2,000	2,100	2,100	1,966	2,100	0
Libya	1,350	1,370	1,370	1,312	1,400	30
Nigeria	2,100	2,200	2,200	2,018	2,300	100
Qatar	700	740	740	635	850	110
Saudi Arabia[4]	8,500	8,700	9,200	7,963	10,000-10,500[5]	800-1,300[5]
UAE[6]	2,050	2,150	2,150	2,138	2,500	350
Venezuela[7]	614	1,400	1,700	2,819	1,700	0
OPEC 10 Crude Oil Total	**23,034**	**24,470**	**25,260**	**24,500**	**26,750-28,250[5]**	**1,490-1,990[5]**
Iraq[8]	2,545	2,390	2,319	N/A	2,900	581
OPEC Crude Oil Total	**25,579**	**26,860**	**27,579**	N/A	**29,650-30,150[5]**	**2,071-2,571[5]**
Other Liquids[9]	2,761	2,761	2,761	N/A		
Total OPEC Production	**28,340**	**29,261**	**30,340**	N/A		

NA: Not Applicable
1Crude oil does not include lease condensate or natural gas liquids.
2Quotas are based on crude oil production only.
3Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.
4Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.
5 Saudi Arabia is the only country with the capability to further increase its capacity significantly within 90 days. Saudi Arabia can increase its sustainable production capacity to 10 million barrels per day within 30 days and to 10.5 million barrels per day within 90 days. As a result, the estimates for Saudi Arabia are as shown as a range, with the lower figure using the 30 days' definition and the upper end reflecting Saudi Arabia's 90 days' capability. OPEC's surplus capacity estimates are also shown as a range for this reason.
6The UAE is a federation of seven emirates. The quota applies only to the emirate of Abu Dhabi, which controls the vast majority of the UAE's economic and resource wealth.
7Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion. It has been estimated that it would take 4 months from the end of the current crisis for Venezuela to restore its pre-strike production capacity. Venezuelan production projections assume production remains at current levels.
8Iraqi oil exports are approved by the United Nations under the oil-for-food program for Iraq established by Security Council Resolution 986 (April 1995) and subsequent resolutions. As a result, Iraqi production and exports have not been a part of any recent OPEC agreements.
9Other liquids include lease condensate, natural gas liquids, and other liquids including volume gains from refinery processing.

Major Sources of U.S. Net Petroleum Imports, 2002*
(all volumes in million barrels per day)

	Net Total Oil Imports	Net Crude Oil Imports	Net Petroleum Product Imports
Canada	1.83	1.42	0.41
Saudi Arabia	1.55	1.52	0.03
Venezuela	1.37	1.20	0.17
Mexico	1.28	1.49	-0.21
Nigeria	0.60	0.57	0.03
United Kingdom	0.47	0.41	0.06
Iraq	0.44	0.44	0.00
Norway	0.38	0.34	0.04
Angola	0.33	0.32	0.01
Net Imports	10.38	9.04	1.34

** Table includes all countries from which the U.S. imported (net) more than 300,000 barrels per day of total oil in 2002.*

Top World Oil Net Exporters, Jan.-Nov. 2002*

	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.90
2)	Russia	5.07
3)	Norway	3.14
4)	Iran	2.48
5)	Venezuela	2.48
6)	United Arab Emirates	1.93
7)	Nigeria	1.86
8)	Mexico	1.68
9)	Kuwait	1.64
10)	Iraq	1.56
11)	Algeria	1.26
12)	Libya	1.20

**Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-Nov. 2002.*

During 2002, slightly over half of U.S. net crude oil imports came from the Western Hemisphere (19% from South America,16% from Canada, 16% from Mexico, 1% from the Caribbean), while nearly one-fourth came from the Persian Gulf region (17% from Saudi Arabia, 5% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than does the United States. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Having provided this information, it is important to stress that oil is a "fungible" (interchangeable, traded on a world market) commodity, that a disruption of oil flows anywhere will affect the price of oil everywhere, and that the specific suppliers of oil to a particular country or region are not of enormous significance, at least from an economic point of view.

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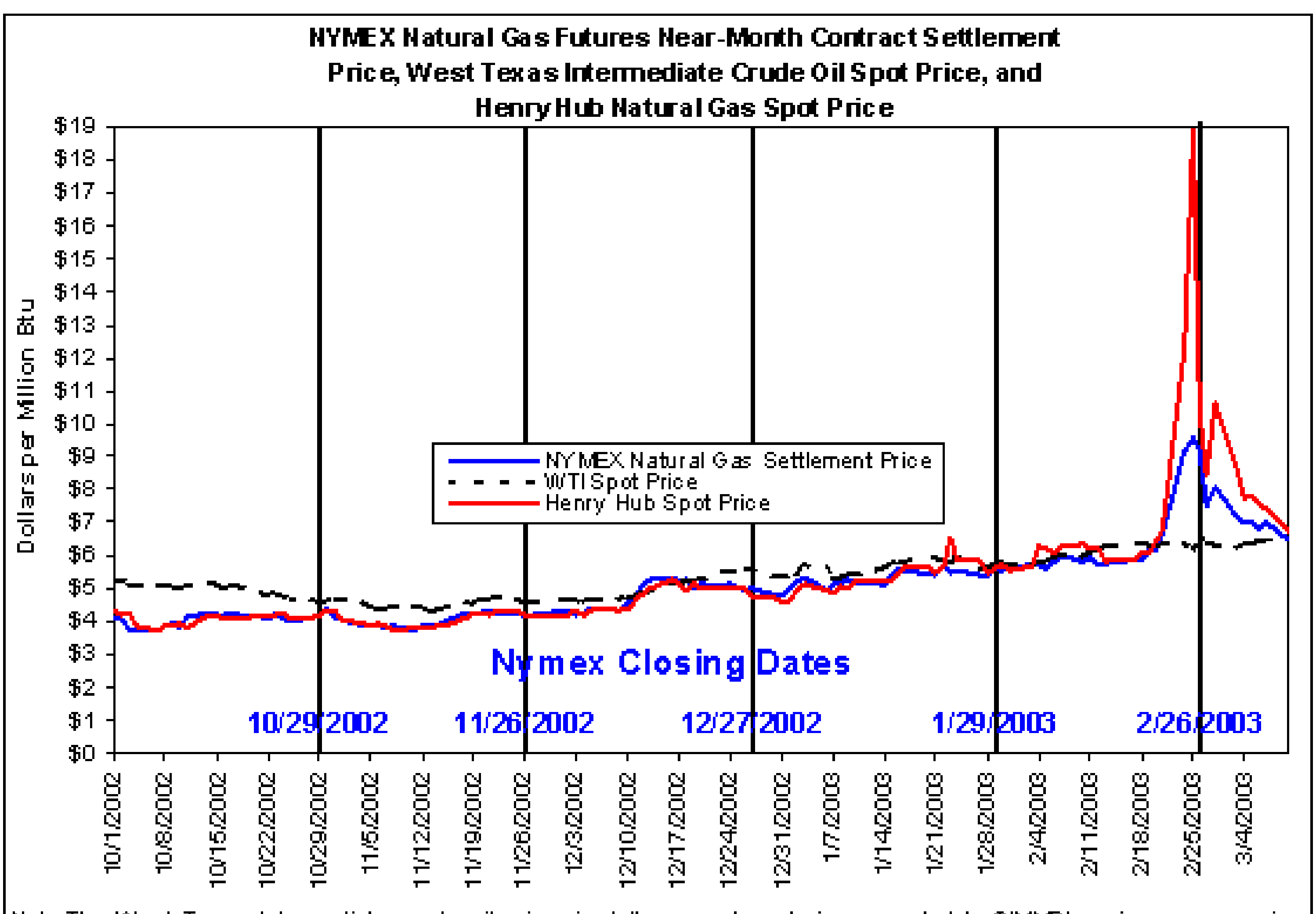
Latest U.S. Weekly Natural Gas Information

(March 11, 2003)

Prices

Spot prices have fallen significantly since last Wednesday (March 5), with declines in each of the three trading days since that date at nearly all market locations. A late-week warming trend in the Midwest, which spread to the Northeast over the weekend, coupled with the usual slackening of demand over the weekend, contributed to downward pressure on prices. At the Henry Hub, the spot price fell 63 cents in yesterday's trading to $6.79 per MMBtu, resulting in a cumulative price decrease since last Wednesday of $1.02. Most price locations experienced their largest declines last Thursday. With the exception of trading on last Wednesday, spot prices have been declining since last Monday (March 3). As of yesterday's trading, spot prices in producing areas were slightly less than $6.50 in West Texas, somewhat higher along the Gulf Coast and in the Midcontinent. In key market areas, prices averaged just under $8 in the Midwest and just over $9 in the Northeast.

On the futures market, the price of the near-month contract (for April delivery) fell by $0.478 in yesterday's trading, settling at $6.515 per MMBtu. This decline was spurred in part by National Weather Service short-term forecasts issued yesterday, calling for above-normal temperatures for the entire eastern half of the nation from the middle until almost the end of March. Since last Wednesday, the April contract has fallen a cumulative $0.506 per MMBtu.



Note: The West Texas Intermediate crude oil price, in dollars per barrel, is converted to $/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.
Source: NGI's *Daily Gas Price Index* (http://intelligencepress.com)

Trade Date (All prices in $ per MMBtu)	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract-April delivery	NYMEX futures contract-May delivery
2/10/2003	5.42	6.34	8.25	6.40	5.617	5.327
2/11/2003	5.39	6.19	9.87	6.38	5.722	5.417
2/12/2003	5.43	6.20	10.92	6.27	5.560	5.315
2/13/2003	5.27	5.84	9.30	5.88	5.550	5.350
2/14/2003	5.25	5.87	10.49	5.92	5.644	5.439
2/18/2003	5.41	6.10	10.11	6.12	5.710	5.500
2/19/2003	5.38	6.10	7.88	6.12	5.909	5.619
2/20/2003	5.61	6.39	7.75	6.39	5.980	5.684
2/21/2003	5.83	6.74	9.65	7.48	6.318	5.953
2/24/2003	9.03	12.26	24.91	14.41	7.622	6.842
2/25/2003	9.55	18.85	25.67	18.19	6.584	5.859
2/26/2003	7.55	10.36	13.35	10.62	7.390	6.230
2/27/2003	7.25	8.45	10.49	8.40	7.485	5.965
2/28/2003	8.98	10.65	15.78	15.24	8.101	6.071
3/3/2003	8.44	8.56	11.53	9.32	7.162	5.952
3/4/2003	8.47	7.76	9.58	9.51	7.041	5.991
3/5/2003	8.43	7.81	12.04	9.01	7.021	5.971
3/6/2003	7.54	7.59	10.82	7.84	6.844	6.064
3/7/2003	6.99	7.42	10.11	7.88	6.993	6.303
3/10/2003	6.97	6.79	9.42	7.41	6.515	6.165

* Average of *NGI's* reported average prices for: Malin, PG&E citygate, and Southern California Border Average.
Source: NGI's Daily Gas Price Index (http://intelligencepress.com)

Natural Gas Storage

Working gas in storage was 838 Bcf as of February 28, according to EIA's *Weekly Natural Gas Storage Report*, which is almost 42 percent below the prior 5-year average. Implied net withdrawals were 176 Bcf, which is more than twice the 5-year average withdrawal for the week. This marks the fourth time this heating season, and the second time in February, that implied net withdrawals have been more than double the 5-year average. In the East region, the implied net withdrawal of 96 Bcf brought inventory levels there to 403 Bcf, which is nearly 50 percent below the 5-year average. In 1996-the year in which East region inventory levels reached their all-time low of 285 Bcf on April 12-inventories in the East did not get to a comparably low level (404 Bcf) until March 15.

All Volumes in Bcf	Current Stocks 2/28/2003	Estimated Prior 5-Year (1998-2002) Average	Percent Difference from 5 Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 2/21/2003
East Region	403	797	-49.4%	-96	499
West Region	198	196	1.0%	-26	224
Producing Region	237	446	-46.9%	-54	291
Total Lower 48	838	1,440	-41.8%	-176	1,014

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Column and/or row sums may not equal totals due to independent rounding.

Industry/Market Developments

EIA Updates Web Site on Retail Gas Competition: EIA has updated its web site on the status of natural gas industry restructuring in each state as of December 2002, focusing on the residential customer class (Natural Gas Restructuring). Enrollment in existing "customer choice" programs generally increased in 2002 as the number of eligible customers grew substantially and the number of competitive suppliers increased in several states. Most of the enrollment increases can be attributed to the expansion of existing programs into new geographic areas or new enrollment caps as part of an approved phase-in to system-wide choice programs. In 2002, Florida was the only state to start unbundling for the first time, approving two small pilot programs for residential transportation service, while several states with existing programs implemented more stringent credit requirements for participating marketers and fine-tuned their programs. As of January 1, 2003, 21 states and D.C. have some form of choice program for residential gas customers. Overall nearly 7 percent (4.1 million) of U.S. residential gas customers (about 60.2 million) are buying gas from marketers, with the largest numbers in Georgia (1.4 million), Ohio (1 million), Michigan (332,000), and New York (319,000).

Department of Labor's Bureau of Labor Statistics (BLS) Released Updated Price Information for GasConsumers: The BLS released its most recent Producer Price Index (PPI) report, including statistics for natural gas, on February 20. According to the PPI, natural gas prices to end-users continued to increase between December 2002 and January 2003. The largest price increases occurred in the electric utilities and industrial sectors where prices climbed more than 13 percent and 8 percent since December 2002, respectively. Meanwhile, prices in the commercial sector increased over 6 percent and prices in the residential sector increased roughly 4 percent since December 2002.

In the current climate of high gas prices, all customers have paid more, but there are some aspects of the system that mitigate the impact of the current high commodity prices. The most commonly cited prices in the trade press are the upstream commodity prices, which at the Henry Hub have increased 88 percent on average from November 2002 to the beginning of February. From November 2002 to January 2003, the average residential gas price increased 34 percent-less than half the increase in the commodity price. Residential gas prices do not increase proportionally as much as the commodity price because the commodity portion of residential gas prices typically is less than half the total delivered price to this sector. Additionally, most residential gas customers purchase their gas from a local distribution company (LDC), which typically purchases only a relatively small portion of its gas in the daily spot market. Much of the gas is acquired by LDCs under longer-term contracts, which would not reflect a recent price run-up. However, residential natural gas consumers can expect higher gas bills because of increased gas use for space heating, owing to colder temperatures this winter. As the temperatures became colder, which also contributed to the higher prices, households consumed more natural gas than they otherwise would have. As both price and volume increase, the total amount paid increases more than either price or volume alone.

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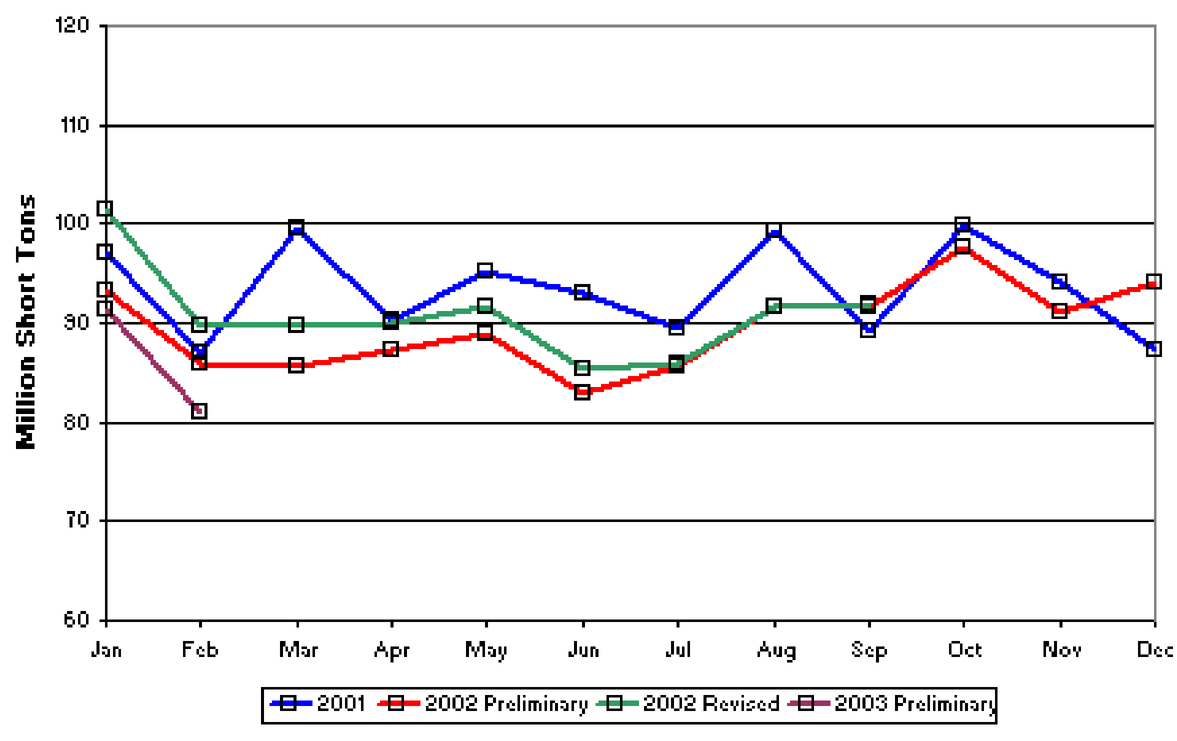
Latest U.S. Coal Information

Coal Production (Updated March 6, 2003)
For the week ended March 1, estimated coal production totaled 20.3 million short tons (mmst), 0.8 mmst lower than in the comparable week in 2002. Railcar loadings of coal were 1.5% lower than year-ago levels and estimated national coal production was 3.7% lower. The estimated production for the month of February 2003 was 81.1 mmst, 9.7% lower than the 89.8 mmst in February 2002.

For the year to date, national coal production estimates are 9.9% lower than in 2002 – 6.3% lower west of the Mississippi and 13.9% lower in the East. The longer-term trend, for the 52 weeks ended March 1, 2003, versus the 52 weeks ended March1, 2002, shows estimated western U.S. coal production at 1.1% above the levels of a year earlier. Estimated eastern U.S. coal production in the more recent period, however, is trending 8.1% below the levels a year earlier. The more recent estimate incorporates coal production survey data of the Mine Safety and Health Administration through the third quarter 2002.

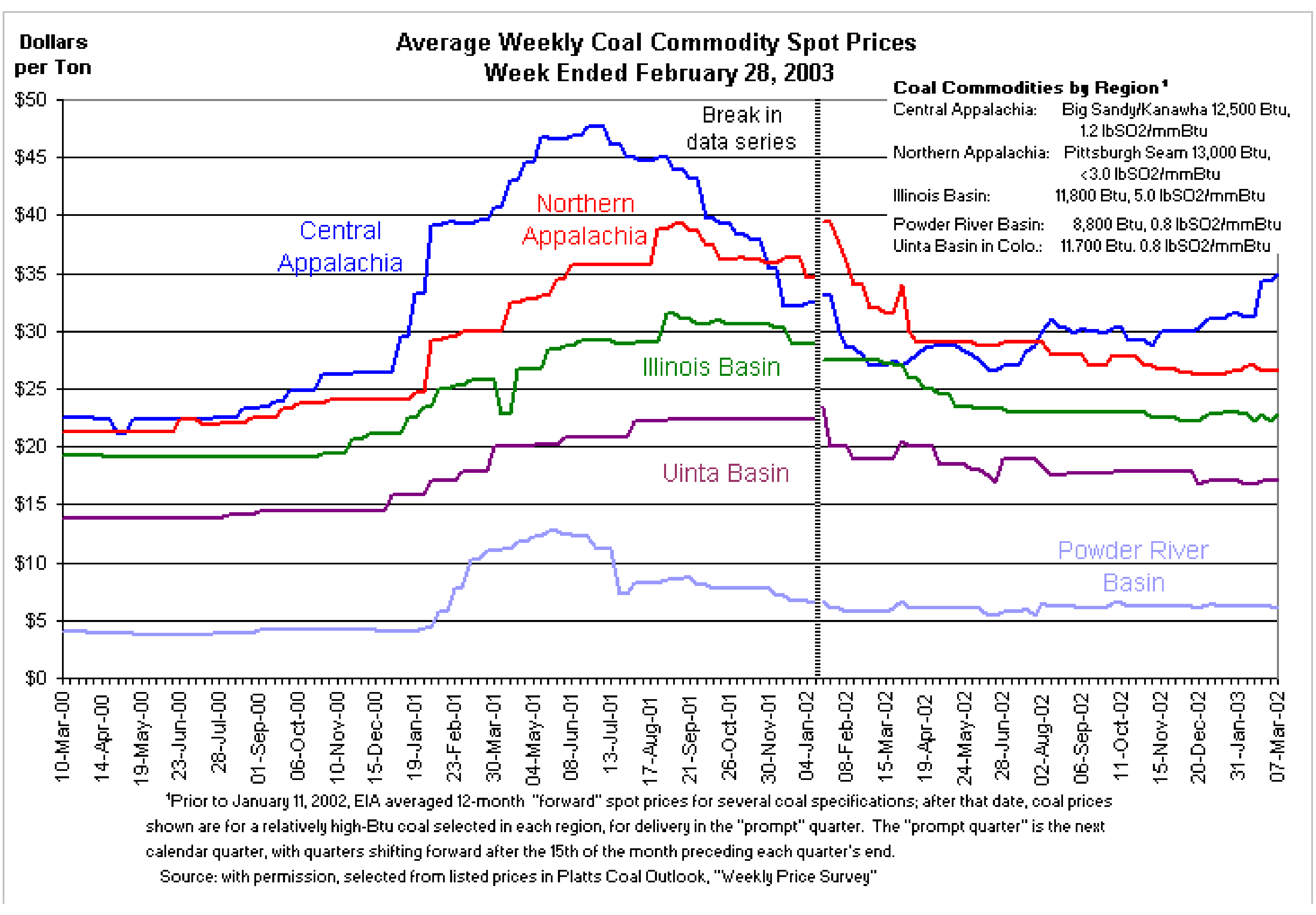
U.S. Monthly Coal Production



Coal Prices (Updated March 11, 2003)
Over-the-counter (OTC) coal prices were mixed last week. Central Appalachian coal gained $0.75 and sold for the $35.00 per short ton price that producers have long awaited, at least for the Central Appalachia/Big Sandy-Kanawha 12,500-Btu product tracked by EIA. For a change, at least Central Appalachian coal seems to be responding to inherent demand, its prices increasing even as natural gas prices declined a bit and power producers look forward to moderating temperatures. On the other hand, natural gas in storage is below normal for this time of year, which should keep its prices elevated and encourage coal consumption at electricity plants. "Traders uniformly spoke of the lack of excess production and what a scramble it could be if demand suddenly increases. (Platts Coal Outlook, February 24). At best, however, the outlook is confused, as some analysts expect spot coal prices to continue upward this month and others feel that the increases will not occur until the 4th quarter of the year, during next winter's stockpile builds (Energy Argus Coal Daily, March 3, p.6).

Northern Appalachian, and Uinta Basin OTC prices were unchanged at $22.60 and $17.05 per short ton, respectively. The Illinois Basin coal regained the $0.50 by which it has fluctuated the past 5 weeks and Powder River Basin coal declined by $0.20 to $6.00 per short ton. Coal prices in all supply regions are below the peak prices of summer 2001. Central Appalachian prices are now only about $12.50 per short ton lower (27%), compared with $16.50 lower 2 weeks earlier. Northern Appalachian coal prices are also lower by about $12.50 per short ton, or 32% lower; Powder River Basin coal prices are lower by about $6.75, or 53%, Illinois Basin coal prices lower by about $9.00, or 28%, and Uinta Basin coal prices lower by about $5.50, or 25%.

Coal futures trading volumes on the NYMEX added 45 trades last week, following 3 weeks of active trading in February. Settled prices for near-month (April) leveled off at $31.50 per short ton and rise to $33.75 for July deliveries in a slow trading market.



Coal Markets (Updated March 4, 2003) Coal supplies are famously short in Central Appalachia but available in Northern Appalachia. Illinois Basin and PRB coal supplies are adequate for anticipated demand. Uinta Basin coal is adequate for the moderate demand it serves, mostly in western States, but mines in the region have had to go off line in recent years at inopportune times, due to bad geology or hazards. At the same time, coal demand has been constrained and has not rebounded to any large extent. A number of factors are present that could affect markets now and into the 2nd quarter of 2003, with no consensus on which factor will be important. They include:

- Central Appalachian mines, some nearing depletion, others moving into thinner and deeper underground reserves
- Central Appalachian surface mine permitting had been on hold since last May due to litigation regarding valley fills
- European market coal prices at historical lows, as well as ocean collier freight rates, which may produce more competition from coal imports for coastal U.S. coal contracts
- The mergers of Fording Coal and Sherritt International in Canada consolidates metallurgical coal assets and steam coal assets under the two respective divisions; reorganization is structured to capture more of the international met coal market and more of the North American steam coal market
- Supply and financing uncertainties as several coal producers and energy companies in Northern Appalachia are in bankruptcy protection and are liquidating assets and reorganizing corporate structures
- West Virginia mine production affected by controversy, with new legislation currently being debated, over citizen safety and coal truck weight restrictions on public roads
- Several months of low water in Mississippi River affecting barge movements, may continue into spring and summer
- Drought and low snow pack conditions in northwestern United States expected to limit hydroelectric generation this year and increase demand on western coal capacity
- Historically high number of coal rail transportation rate appeals by shippers are under review by the Surface Transportation Board; concurrently, carriers are under pressure to raise railroad profitability

The next few months should prove interesting.

Environmental Update (Updated February 11, 2003)
On January 30, Environmental Protection Agency (EPA) Administrator Christine Todd Whitman announced a report documenting reductions in some acid rain indicators in sensitive ecosystems of the United States (Response of Surface Water Chemistry to the Clean Air Act Amendments of 1990). The data confirm a large decrease in wet sulfate deposition across broad areas of the Northeast and Upper Midwest. The amount of wet sulfate – an acidic anion – deposited to lakes and streams declined by approximately 40 percent in the 1990s. These reduced levels can be linked to declines in emissions of sulfur oxides since implementation of the 1990 Clean Air Act Amendments. Because of differences in geology and soils, however, the rates of decline in sulfate concentrations in precipitation were generally steeper than in surface waters.
This was not unexpected and suggests that in most aquatic systems, sulfate recovery exhibits a somewhat lagged response. Further, the decline in surface waters that were acidic was more modest than the decline in wet sulfate. Just as anthropogenic acidification of surface waters did not take place all at once, recovery to natural levels will require some time. Although the study shows a ¼ to 1/3 decline in formerly acidic surface waters, the robustness of the change (the "acid neutralizing capacity") was marginal. The study authors believe their results point toward recovery, forecasting an improvement in biologically relevant surface water chemistry. Other indicators that showed improvement include regional increases in dissolved organic carbon and decreased concentrations of toxic aluminum in some sensitive areas. Nitrogen levels and base cation levels have not yet shown significant improvements. Even if improving, reactions involving these elements may be tied up in soil and native rock chemistry for years before results are seen in surface waters (http://www.epa.gov/ord/htm/CAAA-ExecutiveSummary-1-29-03.pdf).

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Latest U.S. Electricity Information

(March 11, 2003)

Selected Wholesale Electricity Prices: In the Western United States, spot electricity prices declined for the last four trading days as natural gas prices fell and warmer weather reduced heating demand. At Mid-Columbia, a benchmark for the Northwest, prices dropped to a seven-day low of $59.69 per megawatthour on March 10 from a seven-day high of $77.29 on March 4. At California's NP-15 and SP-15, prices decreased to weekly lows of $66.35 and $65.48 per megawatthour on March 10 from a weekly high of $84.75 on March 4 and a weekly high of $83.72 on February 28, respectively.

In the Midwest, prices increased significantly on March 7 as the colder weather put upward pressure on heating demand, but declined on March 10 as warmer temperatures reduced heating demand. At the Cinergy Trading Center, prices moved upwards to $91.91 per megawatthour on March 7 from $57.69 on March 6 and then decreased to $80.76 on March 10.

In the Southeast, cooler temperatures increased heating demand and electricity prices March 7 and March 10. Prices within the SERC trading area rose to $68.30 per megawatthour on March 10 from $57.84 on March 6.

In the Northeast, prices increased on March 6 and 7, but fell on March 10 with the exception of the Mid-Atlantic States. At PJM West, prices continued their upward progression for the last three trading days as the cold weather kept customer demand high. On March 10, electricity prices reached a seven-day high of $111.07 per megawatthour from $79.25 on March 5. In New England and New York City, milder temperatures caused a reduction in heating demand on March 10. New England and New York's prices continued to break the $100 mark for the past seven consecutive trading days. Nepool prices declined to $109.50 per megawatthour on March 10 from a weekly high of $120 on March 7. In New York City, prices rose to a weekly high of $152.50 per megawatthour on March 7, but dropped to $142.25 on March 10. Helping to lower prices somewhat, the 825-megawatt Fitzpatrick Unit 1 nuclear plant returned to full service after completing equipment repairs. In addition, New York significantly reduced its exports to Ontario.

Over the past seven days, average prices at all trading centers ranged between $78.87 and $88.93 per megawatthour with an overall weekly average of $83.35 per megawatthour.

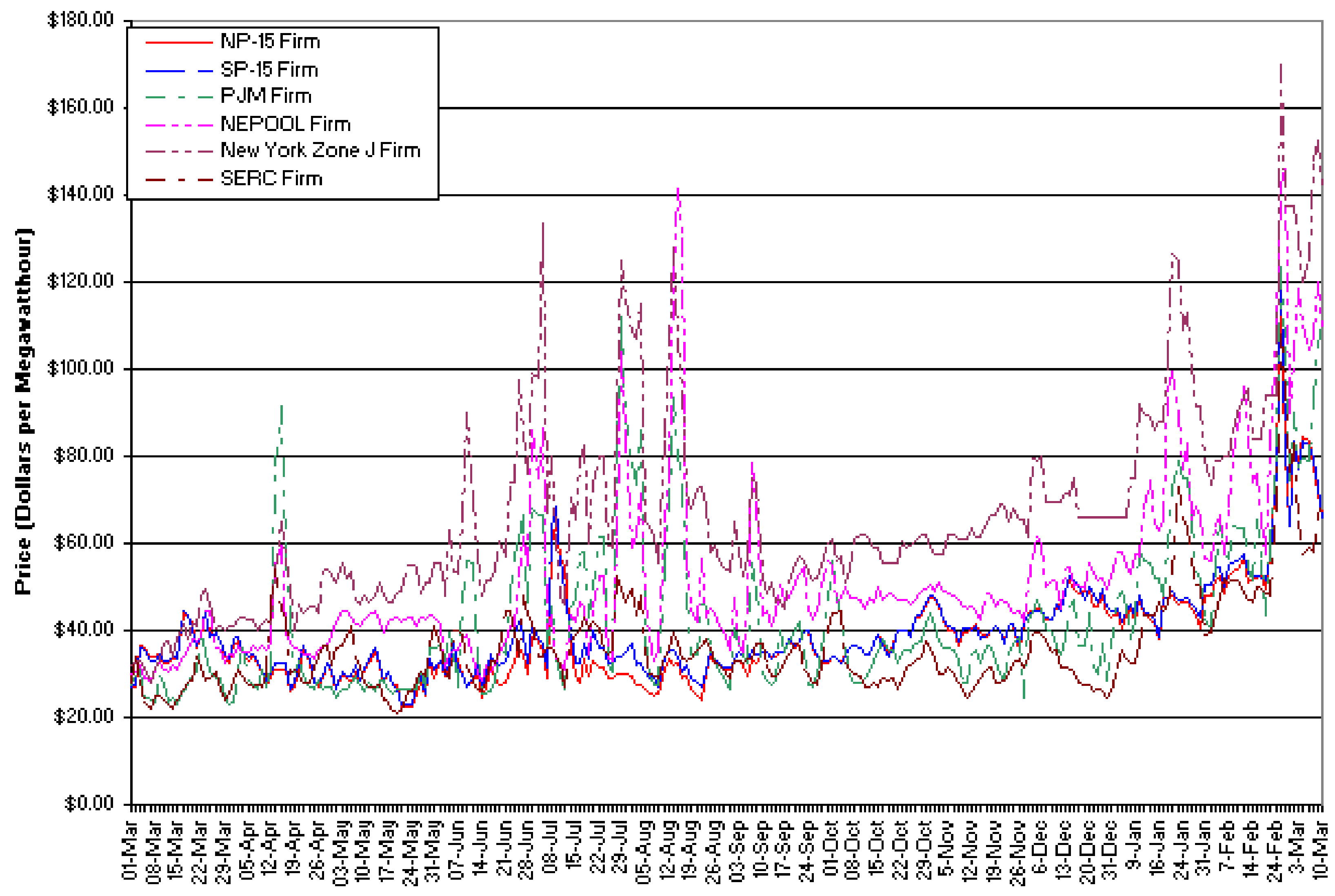
U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	2/28/03	3/3/03	3/4/03	3/5/03	3/6/03	3/7/03	3/10/03	Max	Min	Average
COB	78.62	74.67	82.46	80.50	77.00	70.00	61.50	82.46	61.50	74.96
Palo Verde	78.61	72.80	80.16	76.95	74.12	67.82	59.89	80.16	59.89	72.91
Mid-Columbia	74.87	71.74	77.29	77.08	75.06	68.48	59.69	77.29	59.69	72.03
Mead/Marketplace	81.99	75.95	83.70	81.45	78.64	71.71	62.61	83.70	62.61	76.58
4 Corners	78.41	72.50	81.83	79.29	74.10	67.67	59.04	81.83	59.04	73.26
NP 15	83.61	78.78	84.75	83.35	77.80	71.75	66.35	84.75	66.35	78.06
SP 15	83.72	76.97	83.63	82.28	79.44	73.34	65.48	83.72	65.48	77.84
PJM West	90.06	77.63	79.52	79.25	93.75	105.20	111.07	111.07	77.63	90.93
NEPOOL	102.50	118.75	110.00	104.50	107.67	120.00	109.50	120.00	102.50	110.42
New York Zone J	137.50	130.00	120.00	125.00	148.00	152.50	142.25	152.50	120.00	136.46
Cinergy	94.45	55.27	65.23	55.15	57.69	91.91	80.76	94.45	55.15	71.49
SERC	82.82	65.08	57.29	59.19	57.84	66.70	68.30	82.82	57.29	65.32
Average Price	88.93	80.85	83.82	82.00	83.43	85.59	78.87	88.93	78.87	83.35

Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, Cinergy, and SERC trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

COB:	Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde:	Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia:	Average price of electricity traded at Mid-Columbia.
Mead/Market Place:	Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners:	Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15:	Average price of electricity traded at NP-15.
SP-15:	Average price of electricity traded at SP-15.
PJM-West:	Average price of electricity traded at PJM Western hub.
NEPOOL	Average price of electricity traded at Nepool.
New York Zone J:	Average price of electricity traded at the New York Zone J - New York City.
Cinergy:	Average price of electricity traded into the Cinergy control area.
SERC:	Average price of electricity traded into the Southeastern Electric Reliability Council.

Average Wholesale Electricity Prices in the U.S.



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Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.